

m/037/001
DOGM Rec'd 2/13/06 AB



Rio Algom Mining LLC

February 8, 2005

Certified Mail
Return Receipt (7004 1350 0000 8065 7624)

Mr. Dane L. Finerfrock, Director
Division of Radiation Control
Utah Department of Environmental Quality
168 North 1950 West
PO Box 144850
Salt Lake City, UT 84114-4850

Re: **Lisbon Site - Annual Surety Update**

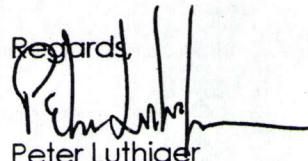
Dear Mr. Finerfrock,

In response to your letter dated November 4, 2004, please find enclosed Rio Algom's detailed cost estimate for the Lisbon facility. As described in your letter, this cost estimate does not include completed items.

Also included with this submittal is a schedule for the remaining work elements to be completed at the site.

Please contact me if you have any questions or are in need of additional information related to this modification request.

Regards,



Peter Luthiger
Manager, Radiation Safety
and Environmental Affairs

Attachment: As stated

xc: L. Axtell
T. Fletcher
B. Law
File

RIO ALGOM MINING LLC LISBON FACILITY

FINANCIAL ASSURANCE COST ESTIMATE

REVISION 12/2001



bhpbilliton

Rio Algom Mining LLC
Lisbon Operation

Reclamation and Closure Schedule

**RIO ALGOM MINING LLC
LISBON FACILITY
RECLAMATION CLOSURE SCHEDULE**

	CY2004		CY2005				CY2006	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Erosion Protection on UDD-2								
Dry Upper Evaporation Cell								
Place Cover on Upper Evaporation Cell								
Erosion Protection on Upper Evaporation Cell								
Dry Lower Evaporation Cell								
Place Cover on Lower Evaporation Cell								
Erosion Protection on Lower Evaporation Cell								
Contour Lower Evaporation Cell Outslope								
Erosion Protection on Lower Pond Outslope								
Shop Building Demolition								
Office Building Demolition								
Revegetation								
Groundwater Stability Monitoring								

Rio Algom Mining LLC
Lisbon Operation

Summary Report

RIO ALGOM MINING LLC - LISBON OPERATION
FINANCIAL ASSURANCE COST ALLOCATION
February 2005

		Detailed Costs Feb-2005	
		Itemized	Subtotal
Upper Evaporation Cell Closure			
Cost to place cover		67437	
Radiation surveys - radon flux measurements		12150	
Rock purchase		92238	
Rock placement		111345	
QA on rock placement		70	
	Subtotal		283,241
Lower Evaporation Cell Closure			
Cost to place cover		92283	
Radiation surveys - radon flux measurements		12150	
Recontour Outslope		45133	
Rock purchase		158313	
Rock placement		186720	
QA on rock placement		83	
	Subtotal		494,681
UDD-2 Completion			
Rock purchase		14602	
Rock placement		14990	
	Subtotal		29,592
Building Demolition and site clean-up			
Shop Building		52875	
Office building		68000	
Fencing for LTSM		9560	
Revegetation cost		22000	
	Subtotal		152,435
Groundwater (analysis costs calculated through license termination - 2006)			
Stability monitoring - well sampling		11568	
	Subtotal		11,568
		Total —>	971,517

Site Management (10% - RSMeans)	97,152
Reclamation Cost	1,068,669
Overhead and Profit @ 10%	106,867
Long Term Surveillance and Monitoring Fee (\$250K in 1978 \$ adjusted)	750,000
Subtotal	1,925,536
Contingency (15% of all costs)	288,830
Total Reclamation Cost	2,214,366

Rio Algom Mining LLC
Lisbon Operation

Upper Evaporation Pond

Rio Algom Mining LLC
Lisbon Operation

TASK --> Upper Evaporation Cell Closure

Closure of this cell requires the cell to be dried out with a one foot layer of materials placed over the pond sediments followed by erosion protection. Additional work element includes construction of a run-on apron from the UDD areas.

Placement of cover

19	Area of cell (acres)
1	depth of cover (ft)
30653	volume of cover required (yd3)
3065	10% overage amount (yd3)
33719	Total volume required (yd3)
2	Unit cost to place cover (Ksue bid)
67437	Cost to place cover (\$)

TASK --> Radiation surveys - radon flux measurements

40	Required Tests (minimum)
8	Number of tests per day
90	Cost per analysis
5	Number of days to perform required tests
5	Preparation/set-up time (days)
5	Report preparation time (days)
15	Total time to perform task (days)
1	Number of technicians to perform task
65	1 - lab technician hourly rate
50	Per diem for technician
12150	Cost to perform task

TASK --> Upper Evaporation Cell Closure

Rock purchase (D50 - 1")

22.00	Area requiring rock (acre)
3.00	Thickness of rock (inch)
8873	Volume of rock required
9761	Rock volume with a 10% overage (yd3)
1.35	Rock swell factor (T/yd3)
13177	Quantity of rock required (T)
7.00	Unit cost of rock (\$/T)

92238	Cost to purchase rock (\$)
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Rock Placement

13177	Volume of rock required to be placed
8.45	Unit cost of rock (\$/T)

111345	Cost to place rock
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QA/QC on rock placement
Perform thickness test on 200 foot centers

24	Number of test required
75	Number of tests performed each day
0.31944	Number of days required to perform tests
27.50	Geotech rate (\$/Hr)

70	Cost to perform tests
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111415	Total Costs for task
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Total costs for Upper Pond closure

67437	Cover Placement
12150	Radon Flux testing of cover
92238	Rock purchase
111345	Rock placement
70	QA on rock placement

283241	Total cost
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Rio Algom Mining LLC
Lisbon Operation

Lower Evaporation Pond

Task --> Closure of Lower Evaporation Cell

Closure of this cell requires the cell to be dried out with a one foot layer of materials placed over the pond sediments followed by erosion protection. Additional work elements required include recontouring outslope and placement of erosion protection on outslope, and construction of a toe trench at base of slope.

Placement of cover

26	Area of cell (acres)
1	depth of cover (ft)
41947	volume of cover required (yd3)
4195	10% overage amount (yd3)
46141	Total volume required (yd3)
2	Unit cost to place cover (Ksue bid)
92283	Cost to place cover (\$)

TASK --> Radiation surveys - radon flux measurements

40	Required Tests (minimum)
8	Number of tests per day
90	Cost per analysis
5	Number of days to perform required tests
5	Preparation/set-up time (days)
5	Report preparation time (days)
15	Total time to perform task (days)
1	Number of technicians to perform task
65	1 - lab technician hourly rate
50	Per diem for technician
12150	Cost to perform task

Task --> Recontour slope

41030	Volume of material to be moved (yd3)
4103	10% overage added to volume (yd3)
1.00	unit cost to recontour material (\$/yd3)
45133	Cost to recontour slope (\$)

Rio Algom Mining LLC
Lisbon Operation

Task --> **Closure of Lower Evaporation Cell**

Rock purchase

Rock quantity (Tons)					
Area	Sand	D50-1"	D50-2"	D50-3"	
Top	-	17969	-	-	
Slope	865	1013	1385	865	
Totals	865	18982	1385	865	22097
Unit cost (\$/T)	8.50	7.00	7.75	8.50	
Total cost (\$)	7353	132874	10734	7353	158313

158313 Cost to purchase rock (\$)

Rock Placement

22097 Volume of rock required to be placed
8.45 Unit cost of rock (\$/T)

186720 Cost to place rock

QA/QC on rock placement
Perform thickness test on 200 foot centers

28 Number of test required
75 Number of tests performed each day
0.37752 Number of days required to perform tests
27.50 Geotech rate (\$/Hr)

83 Cost to perform tests

Total costs for Lower Pond closure

92283 Cover Placement
45133 Recontour slope
12150 Radon Flux testing of cover
158313 Rock purchase
186720 Rock placement
83 QA on rock placement

494681 Total cost

Rio Algom Mining LLC
Lisbon Operation

Undisturbed Drainage #2

Rio Algom Mining LLC
Lisbon Operation

TASK --> Erosion protection of UDD-2

Task requires the purchase and placement of rock in the undisturbed drainages upstream of the lower evaporation pond.

Rock purchase

Rock quantity (Tons)

	Sand	D50-1"	D50-2"	D50-3"	D50-5"	D50-6"	D50-7"	D50-9"	Totals
	255	352	755	109	73	109	53	68	1774
Unit cost (\$/T)	8.50	7.00	7.75	8.50	9.50	10.25	11.00	11.75	
Total cost (\$)	2168	2464	5851	927	694	1117	583	799	14602

14602 Cost to purchase rock (\$)

Rock Placement

1774 Volume of rock required to be placed
 8.45 Unit cost of rock (\$/T)

14990 Cost to place rock

Total costs for UDD-2 closure

14602 Rock purchase
 14990 Rock placement

29592 Total cost

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Lisbon Operation

**Building Demolition
and Site Clean-up**

Task --> Demolition and disposal of site buildings

The site presently maintains two structures on site that will be removed prior to site transfer to DOE. These are the former shop building and the administrative office building. Disposal will occur on site.

Task --> Demolition of Shop

Written bid provided by contractor to perform demolition and disposal of shop building. Bid is for structural demolition, material processing (sizing, cutting, etc.), transport to disposal location, and placement of cover of the debris in a manner to minimize voids.

52875 Shop Building bid

Task --> Demolition of Administrative Office Building

The office building is an 80 ft x 30 ft two story dwelling located adjacent to the shop. Characterization surveys are in progress to determine whether special precautions will be required prior to actual demolition (asbestos abatement, hazardous materials..). No formal bid has been received for office, but building dimensions are similar to shop dimensions. Similar cost has been established for the office. Additionally, an estimate for asbestos abatement of acoustic ceiling tile is in progress for the removal and disposal of possible RACM.

15000 Asbestos abatement and disposal
53000 Office building demolition and disposal
68000 Total cost - office building

52875 Shop Building
68000 Office building
120875 Total for building demolition

Task --> Revegetation of disturbed areas on site

20 area requiring revegetation (acre)
1100 unit cost for revegetation (\$/acre)

22000 Revegetation cost

142875 Total for building demolition and revegetation

Rio Algom Mining LLC
Lisbon Operation

Task --> Fencing LTSM area

Fencing of the LTSM area to restrict access and grazing will be completed prior to transfer. Approximately 6000 feet of fencing will be needed to complete enclosure.

Contractor bid sheet is attached for materials and labor to construct 6000 feet of fencing consisting of metal posts and 4 strands of wire.

3260	Materials
300	Delivery Charge
3560	Total materials and delivery
1.00	Unit cost for labor (\$/ft)
6000	Length of fence (feet)
6000	Cost to construct fence (\$)
9560	Total cost for fence

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Lisbon Operation

Groundwater

Rio Algom Mining LLC
Lisbon Operation

Task --> **Stability Monitoring - Groundwater**

Annual costs are calculated outward until anticipated license termination in 2006.

Cost	Description
3200	Labor - sampling/shipping. (\$25/hr * 2 hr/well * 16 wells * 4 times/yr)
2560	Laboratory analysis (16 wells * \$40/well * 4 times/year)
1152	Miscellaneous work tasks - data review, QA, reports (20% of items 1 and 2)
1.5	Number of years to perform sampling
16	Number of wells to be sampled
2	Time to sample well
4	Days to perform sampling event
4	Number of sample events per year
50	per diem for sampling technician
800	annual per diem for sampling
1.5	Number of years to perform sampling
1200	Total per diem
11568	Groundwater sampling cost through license termination in 2006

Rio Algom Mining LLC
Lisbon Operation

Contractor Bid Information



November 2, 2004

Mr. Larry Axtell
Rio Algom Mining Corporation
P.O. Box 1269
Moab, UT 84532

Re: RAM—Lisbon Valley Site
Upper Cell Closure

Dear Larry:

As per the RAM project outline, including the method used for calculating the estimated cover material available in the existing upper evaporation cell berms and as requested, we are pleased to offer the following proposal for the earthwork on the above referenced project.

- Push approximately 30,653 cy berm material across upper cell
Note: 52,832 cy are noted as available in the berms for cover material and may be required for stabilization of the base (track equipment only). Payment is to be made on actual cubic yards pushed based on the project outline's method of calculating estimated cubic yards. Construction Survey is not included\$1.00/cy
- Import additional dry fill material as necessary
Note: Construction Survey is not included.\$2.50/cy
Payment based on load counts
- Mixing dry berm material or imported dry material with existing sediment for stabilization purposes and placement across upper cellHourly

Thank you for the opportunity to bid on the above project. If you have any questions, please call me at 260-1552.

Sincerely,

A handwritten signature in cursive script that reads 'Mike Shumway'.

Mike Shumway
Vice-President

A handwritten note in cursive script that reads 'Long D. A. Project 11-2-04'.

/kss

GRADING EXCAVATION UNDERGROUND UTILITIES

410 McGill Blvd. • P.O. Box 1032 • Moab, Utah 84532 • Fax: 435-259-9864 • Phone: 435-259-2333



October 7, 2004

Mr. Larry Axtell
Rio Algom Mining Corporation
P.O. Box 1269
Moab, UT 84532

Re: Shop Demo and Disposal
RAM - Lisbon Valley Site

Dear Larry:

We are pleased to offer the following *proposal* for the site improvements on the above referenced project.

- Excavate burial pit - approximately 7,500 cy
- Demolish and compact shop building materials in pit
- Backfill burial pit - mound

Total

\$52,875.00

Sincerely,


Kelly S. Shumway

ACCEPTANCE OF PROPOSAL:

The above prices, specifications and conditions are satisfactory and are hereby accepted. Ksue Corporation is authorized to do the work as specified and payments will be made as outlined above.

Rio Algom Mining Corporation


Signed By:

10-8-04
Date

GRADING EXCAVATION UNDERGROUND UTILITIES

410 McGill Blvd. • P.O. Box 1032 • Moab, Utah 84532 • Fax: 435-259-9864 • Phone: 435-259-2333



effective January 1, 2004

Below is the price list requested - equipment with operators. Please note, pricing for equipment not listed below, may be provided upon request.

CAT D8 w/ripper	\$185.00	
CAT 420D Backhoe w/extension	\$75.00	
CAT 416B Backhoe	\$70.00	
CAT 966F Loader (5 yard)	\$85.00	
CAT 236 Skid Steer Loader	\$65.00	
CAT 236 Skid Steer Loader w/post hole digger	\$70.00	
CAT 277 Skid Steer Loader	\$75.00	
CAT 320 BL Excavator w/2' & 4' bucket	\$130.00	
CAT D6D Dozer w/ripper	\$80.00	
CAT 14G Motor Grader w/ripper	\$105.00	
CAT 623 Self-Loading Scraper	\$160.00	
CAT 615 Self-Loading Scraper	\$140.00	
Belly Dump	\$80.00	
Belly Dump w/pup	\$90.00	
10 wheel Dump Truck	\$70.00	
Terex Rock Truck - 30 Ton	\$140.00	
3,300 gallon Water Truck	\$70.00	
Transport - lowboy	\$80.00	
Transport - Pickup truck & trailer	\$65.00	
Farm Tractor w/drill	\$65.00	
Laborer/Operator	\$27.50	(\$41.25 OT)
Laborer/Operator w/tools & truck	\$45.00	(\$58.75 OT)

Drilling & Blasting

185 CFM Comp & Jackhammer w/driller & helper	\$150.00/hr
900 CFM Comp & Air-Track w/driller & helper	\$200.00/hr
Powder Man w/pickup truck	\$75.00/hr

Materials purchased for job

cost + 15%



• Rio Algom Mining
• LaSalle Lt 84530

FROM

Curtis Wilcox
P.O. Box 104
LaSalle Lt 84530

SUBJECT

DATE

Fence Bid 6000ft 3 barbs 1 smooth steel post 1/5/05

Materials Cost =

5 1/2 foot steel post 500 @ 3.80 per post = \$1900.00

Wire Barb + Smooth = 20 rolls @ 50.00 per roll = \$1000.00

Stays 1000 @ .36 each = \$360.00

Total material cost = \$3260.00

Delivery 300.00

3560.00

Labor Cost = \$1.00 per foot

Cedar post 16.00 each

RECEIVED JAN 06 2005

NOTED